

Private Construction Contractors Association of Slovakia

Monthly Report: September 1996

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0Internal Affairs

The PCCAS staff (Mr. Michal Mataš and Mrs. Kabzanová), on Saturday, August 7th, participated in a celebration commemorating the 5th anniversary of UNI s.r.o. in Kuèisdolská dolina near the town of Pezinok. Several PCCAS Board Members and the representative from the Prievidza Regional Office, Mr. Meluš, were also in attendance.

The PCCAS staff (Mr. Benedek, Mr. Mataš, and Mrs. Kabzanová), on Friday, August 6th, and Saturday, August 7th, participated in an anniversary celebration for STAVOIMPEX, which was held in the Skalica Mountains and in the town of Holíè. Special congratulations were given to STAVOIMPEX (PCCAS member) from a representative of President Kovac's Office and from several representatives of the municipalities of Senica, Skalica, and Holíè.

The PCCAS staff (Mr. Mataš, Executive Director) met PCCAS Board Member Mr. Ru_anský to discuss the location, the program, and the budget for the upcoming PCCAS Annual Meeting in Bratislava. Mr. Ru_anský recommended that PCCAS use the new conference hall located in his company, VÝSTAVNÍCTVO a. s. Bratislava. The company is oriented toward organizing small and medium trade fairs and has its own trade fair technology (i.e., moveable walls, microphones, special lights, and projection and movie equipment) and halls. Both sides made the decision that the price was acceptable and the level of internal architecture is very high.

The PCCAS Budget and Finance Committee met with staff to review and discuss the final 1996 budget. Even though only three-quarters of the year has passed, the budget shows that the income has already reached 92 percent of the projected goal. See the chart below.

Income 1996	Projected in \$	Projected in Sk	Actual \$	%
Membership	25,000	750,000	14,156	56
Outside projects (seminars, etc.)	32,500	975,000	49,500	152
Slovak Employment Fund	6,000	180,000	4,500	75
USAID Contribution	50,000	1,500,000	37,500	75
TOTAL				

	113,500	3,405,000	105,656	93
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The Budget and Finance Committee also reviewed the proposed 1997 budget. The estimated income is 3.5 million Sk for the Bratislava office and an additional 1.5 million Sk to support the regional chapters.

The PCCAS Board met on Saturday to, among other things, discuss the upcoming annual meeting, prepare the election slate, review the budget, and discuss the preparation for the annual report and the annual meeting. Helen English from Steven Winter Associates participated in this meeting. Board members expressed their concerns that the staff is spending too much time trying to generate income and not enough time providing them with the services they require.

Several Board members met with Ms. English and Mr. Mataš to review the materials that would be presented to the EERPF-USAID meeting on Housing Policy.

PCCAS staff is preparing to move their offices sometime during October. Although there are still concerns that the rent is high, they plan to take on five new offices in the northern part of Bratislava. The owner of the building is the Federation of Employer's Association and Unions. The President of PCCAS will help in the final negotiations for establishing the price and terms of the rent. The new address for PCCAS will be:

Nobelova 18
SK 831 02 Bratislava
Slovak Republic

This will be the official address for PCCAS after October 15, 1996.

1Information Exchange

PCCAS Board Member, Manager of PCCAS Educational Programs, and Member of the PCCAS Legislation Committee, Mr. Vladimír Svrèek met with USAID representative Mr. George Williams and others to discuss possible cooperation in the area of training and education for municipal officials through the USAID Technical Assistance Centers. This training would be conducted in the fourth quarter of 1996 and in 1997. Specifically, they discussed the training and seminars related to using the standard bidding documents. These documents are prepared by World Bank experts with the cooperation of the Ministry of Construction and Public Works. USAID has also provided technical assistance to the Ministry as it oversees the preparation of the standard bidding documents.

Mr. Svrèek visited with Mr. Williams and took him a copy of the most recent version of the PCCAS *Educational, Consulting, and Services Catalog*. The catalog is a collection of both existing seminars/training/services and those proposed for the future.

2 Membership Activities

PCCAS staff and board members (Mr. Heèko, Mr. Mataš, and Mr. Svrèek) met the representative of the company EKOPAS s.r.o., Mr. Štefan Eller. This company has 80 employees. Mr. Eller is interested in exporting the services (construction capacity) of his company to Croatia (part of the Former Yugoslavia), specifically about the size of the business opportunities, the laws governing foreign labor, the agreement between governments, etc. In the past, Mr. Eller's firm worked in the northwest part of the Czech Republic providing services relating to building structures. At this time, the construction market is changing. Currently, many Czech construction workers are returning from Germany, because there is a lower level of the investment now. The Czechs, in turn, are importing lower-cost labor from Ukraine. The cost of Ukrainian labor is one-third that of local labor and it is virtually impossible for firms to employ Czech or Slovak construction workers. Mr. Eller developed several business contacts in Croatia two years ago. During the war, they were interrupted and the legal conditions for completing the work was dramatically changed. This is a very interesting topic; there is a very high rate of foreign investment capital in Croatia because of the potential for developing a large tourist industry.

The new very influential construction company from Eastern Slovakia, OGURÈÁK, asked to be a PCCAS member. This company plays an important role in the historical building renovation in this region and it has a reputation for high-quality work.

151. C.E.U. s.r.o. Duchnovièovo nám 1 SK 080 06 Prešov 6 Number of employees: Thermal units for housing and buildings regulation	153. CCT s.r.o. Partizánska 2 SK 080 01 Prešov Number of employees: 15 Design and installation of central heating, including
152. EKOMOS s.r.o. Hlavná 113 SK 080 01 Prešov Number of employees: 5 Design and installation of central heating	154. FORPLAST SK, spol. s.r.o. Hviezdoslavova ul. SK 951 51 Nová Ves nad _itavou Number of employees: 70 Production and installation of openings

Note: The indexes 151, 152, 153, and 154 are the registration numbers. The membership dues are paid in advance from the date of the registration for one year. **As of September 30th, 1996, the number of PCCAS paid members is 80. PCCAS continues to carry 157**

members on its official membership list. Many of these members will pay their dues before the end of the calendar year.

3Staff Support for PCCAS Entrepreneurs

PCCAS staff member Mr. Ivan Prcúch asked PCCAS staff to help him make contacts with some U.S. international development companies. PCCAS staff suggested several possibilities for contacts. Mr. Prcúch is a representative of an architecture and design studio. He recently finished developing and building a suburban shopping and cultural center in Petr_alka. He was interested in developers' activities and practices and in the legislative problems in Slovakia for this type of the investment project.

PCCAS staff (Mr. Alexander Benedek) met Tuesday, September 3rd with Mr. Franek, from the German investment company Franek & Partners, as a continuation of the business contacts for possible western investments in Slovakia related to environmental construction (also could be described as wastewater treatment, landfills, garbage disposal, etc.). The meeting took place at in Linz, Austria. The Austrians have the technology and the investment capital and the Slovak municipalities are a solid market. Slovak labor would be used. The result of this meeting was that we received the specifications for capital flow and conditions for investment. Several alternatives were discussed. Mr. Benedek obtained the standard formal documentation for the business investigation and marketing for the environmental industry. This activity may create business opportunities for the some of our members and fulfills our goal of continuing to try to attract foreign capital (long-term soft loans).

PCCAS staff was asked by PCCAS member Mrs. Magdaléna Hanusrichterová to help her obtain documentation of her participation in the housing study tour in the U.S. during February 1993. She needed this to resolve a problem with a tax officer, who maintained her airfare was a personal expense and not deductible as a business expense. The PCCAS office asked staff at PADCO, Inc., who managed this trip, to provide formal documents confirming her participation as a business activity. The PCCAS office received complete material that satisfied not only the Slovak Tax Inspector, but also added a very important piece of historical information about PCCAS history. This study tour was one of the primary events leading to the formation of PCCAS.

The PCCAS Executive Director was nominated as a member of the Evaluation Committee for a public procurement tender that will ask for the design of a new hospital for children in Košice. The Executive Director is a member of a specific group called the Experts for Procurement Tenders; as such, his duty is to advise the committee on the public procurement law principles.

On Friday, September 20th, 1996, PCCAS staff participated as a member of the Evaluation Committee in public procurement tender for design, plans, and drawings of

the Košice Children's Hospital. This tender covered the second stage of this public procurement activity. The first stage was an international tender where the best proposals for the hospital showed an investment value of 2.5 billion Slovak crowns. It became clear that under this condition it would not be possible to build this hospital. As an alternative, the second stage was decided to use two unfinished blocks of the Košice Faculty Hospital. The hospital would have to coordinate the special health services and share the instruments between the Košice Children Hospital and Košice Faculty Hospital. The source of the investment money will be the low-interest, international loan backed by a federal government bond. This loan will taken for the investment of three hospitals (in Bratislava-Rázsochy, Rimavská Sobota, and Košice). The PCCAS member company PROINVEST s.r.o. was selected as the winner of this tender.

4Legislative Activities

PCCAS staff met Mr. Bednarik, the Director of Research Institute for Labour, Family and Social Affairs. Both sides discussed the problems related to worker mobility and the employer evaluation/selection of the suitable employee based on his working history and practice. By law in Slovakia, a Labor Passport that records a worker's labor history is required for all employees. Mr. Mataš asked the Director about the possibility of establishing either a government or a nongovernment Slovak Labor Register. The idea would be that each employee would have an individual Labor Card with a coded magnetic strip. Several governmental agencies throughout Slovakia would provide an evaluation certificate for the employee at the request of a potential employer. At this time, Mr. Bednarik informed us that no such register exists and that no other register could be easily modified for this purpose. For example, none of the existing registers — the Social Insurance Register, the Health Service Insurance Register, the Labor Office Register, the Business Register, etc. — contains the necessary and complete information.

Mr. Bednarik informed the PCCAS Director that his Institute is fully equipped, qualified, and prepared (using the Internet, the library, labor experts, etc.) to make an investigation in Austria, Germany, Great Britain, France, the countries of BENELUX, and the countries of North Europe to see how they handle this activity. Within one week, Director Bednarik informed the PCCAS Executive Director that he had begun this investigation.

On Friday, September 20th, 1996, PCCAS staff met Mr. Vladimír Rusòák, the Director of construction engineering at the consulting company, INVESTCONSULT spol. s.r.o. in Košice, to discuss a possible revision of the Slovak Tax Act to make it more favorable to private sector developers. This firm is proposing to build underground garages and a commercial building. Under the current Slovak Tax Act, the company must buy the land, pay the transfer-conveyance tax, and only then request a construction license. Upon completion of construction, the company can sell this project, but the new owner will be expected to pay the same tax once more. The first step is to have Mr. Rusòák

prepare a detailed description of the existing taxing process to show how it increases construction costs. In this case, it is a double tax. This type of information was determined to be of interest to PCCAS members, and they made an investigation of it this summer during the PCCAS-PIET Housing Study Tour for an improved environment for the private developers' activity. PCCAS will ask for a the revision of the Tax Act based on concepts they learned and some specific examples as reported by their members.

5Cooperation with Associations and Groups

The PCCAS staff (Executive Director Mr. Michal Mataš and Executive Director of Regional Office in _ilina Mrs. Anna Kabzanová) visited the Regional Office of the Slovak Chamber of Civil Engineers (SCCE) on Friday, September 6th, 1996, and met Mr. Zvolenský, the Regional Chairman of this group. We discussed how to cooperate with them to organize the Seminars for Preparation for State Examination of Selected Activities in Construction Industry in the region of _ilina. The PCCAS Regional Office in _ilina will organize one or two seminars this year with the help of this group.

PCCAS staff and Board Member (Executive Director Mr. Michal Mataš, Board Member and General Secretary of the Prešov Regional Office Mr. Viliam Valoviè, and Executive Director of the Regional Office in _ilina Mrs. Anna Kabzanová) participated on Friday, September 6th, 1996 in the Opening Meeting of the Košice Office of the Association of Communities of House Owners (this association will represent the flat owners) in Košice at Hlavná 68, section C, 2nd etage, SK 040 01 Košice. The following people associated with PCCAS made brief presentations to the approximately 200 people in attendance: Mrs. Jaroslava Zapletalová, PCCAS member from Institute of Housing Ltd., Mr. Sonny Law from the State Department USAID section for Eastern and Central Europe, Mr. George A. Williams from the Slovak Office of USAID, and Mr. Michal Mat aš, PCCAS Executive Director. The meeting dealt with the management of this newly formed association whose mission is to protect the interests of the new homeowners throughout Slovakia. The municipal government privatization program is trying to sell 300,000 flats across all of Slovakia. These flats can only be sold to the people who are currently renting them.

Mr. Mataš and Mr. Valoviè spoke with Mr. Law and Mr. Williams about their general proposed PCCAS education and training programs. The PCCAS Executive Director declared the Association's special interest in creating a series of services and educational programs related to renovation and remodeling of houses and/or blocks of apartments working with the smaller construction businesses. This new initiative would fit perfectly with the needs of the new flat owners.

A list of all the specific training requests (including Homeowners Training and Education programs, Construction Cost Estimators Licensing and Certification, Internet

training, and Workshops teaching architects, builders, and homeowners to use safe energy [energy efficiency and renewable energy and passive solar design] will be developed and submitted to the Eastern European Real Property Foundation sometime in mid-October.

They also discussed the results of the PCCAS Housing Study tour in the United States in June/July 1996. Specific reports are still being written by the members who participated in the study tour. The Executive Director has drafted 21 points of interest from the trip. A brief summary is printed here.

- Federal government information related to environmental protection in construction in both new and existing buildings
- Financial models/mortgage financing/secondary mortgage markets
- Urban and land planning, specifically subdivision planning and new town development, such as in Columbia, Maryland
- Developers' activities related to housing development and infill housing
- Computer software for design and architecture — including designs for modular and panelized construction methods all based on wood-frame and steel-frame construction and the study of structural insulated panels
- Production of modular housing and other building types in factories
- Installation of these buildings on the construction site
- Visiting model homes that are fully furnished and used as sales centers
- Production of construction materials and products — ceilings, floors, panels, roofs, etc.
- Home remodeling contractors — both large and small
- Designs and products that are especially for handicapped people — accessible or universal design
- Timber-frame construction technologies
- Association management of construction-related associations
- The principles of licensing contractors in both the private sector and through the government
- Educational and training activities of trade associations in the construction industry
- Meeting with the State Department officials and the representatives of PADCO and SWA
- Energy use in residential, commercial, and government buildings
- Programs related to using renewable energy in small commercial and institutional buildings, including software and training courses including solar hot water, electricity, and heat and off-grid applications
- Co-generation units used to produce both heating and cooling

- Use of passive solar design and active solar technologies and products in housing and commercial buildings
- Hardware and software for using the Internet and the applications for the Association

PCCAS Executive Director Mr. Michal Mataš was invited on Tuesday, September 3rd, to participate in the Working Meeting of the SCCE. Representatives from the trade unions, the government, and educators participated in the implementation of legislation, seminars, and examination of the Professional Capability in Selected Activity in Construction Industry. The Chamber has tested and licensed about 8,000 professionals, and the number will probably increase to 10,000 or more as was predicted by PCCAS. Because PCCAS has begun to cooperate with the Chamber and administer the training and licensing program, they have adopted a new approach that may help solve some of the Chamber's many working problems in this area.

PCCAS staff (Mr. Heèko and Mr. Mataš) met the Chief Director of the Minister's Office of the Ministry of Construction and Public Works. The topics discussed included public procurement practice and the proposed changes to this act, including certification of the people who organize and evaluate the tenders, the role of the Group of the Experts for Public Procurement Tender, which was established as a formal committee of the Ministry, exporting of construction capacity, possible business opportunities in Croatia (part of the former Yugoslavia), the newly formed PCCAS Regional Office in Košice, some personnel changes in the FEUA Regional Office at Košice.

PCCAS staff (Mr. Mataš and Mr. Heèko) met Director for International Affairs Mrs. Eva Rupcová from the Ministry of Construction and Public Works at her request. The topic was the PCCAS representative participation in various national government programs with the Ministry of Construction and Public Works, Mr. Mráz, and others and their official visits to Iran, Syria, and Vietnam in the autumn of this year. The possibility of Slovak construction companies participating in the market in these countries was discussed. Several details related to construction legislation and conditions for exporting labor and importing construction materials and machines were compared with the conditions for Japanese and Western construction companies.

The PCCAS Office in Bratislava was visited by the representative of Ministry of Construction and Public Works to discuss the upcoming government trip to Belgrade to attend the International Trade Fair. Subsequently, there was a meeting with staff of the Ministry of Economy to review and discuss the basic documents for the import of foreign labor to Croatia. The Ministry of Construction prepared a specific agreement with Croatia about the terms of cooperation with the construction industry. PCCAS wants to participate in the export of construction capacity to the former Yugoslavia as soon as possible. Bosnia and Hercegovina were identified as being the districts with the

highest business potential at this time. There is significant foreign investment in these two districts at this time.

The PCCAS Executive Director was invited by Mr. Štefan Nozdrovický, the Director of the Section for Economy at the Ministry of Justice, and Mr. Ľubomír Dobrík, the State Secretary of the same Ministry, to discuss the criteria for selecting the construction companies who will renovate and remodel 18 local court buildings. The buildings are located in Malacky, Pezinok, Skalica, Piešťany, Nové Mesto nad Váhom, Trenčín, Partizánske, Bánovce nad Bebravou, Ružomberok, Námestovo, Prešov, Kežmarok, Šala, Ľilina, Brezno, and Revúca. There will not be the standard public procurement tender process due to the extremely short time given for finishing the construction. First stage (to the end of 1996) investment value is 50 mil. Sk; the investment value is 300 mil. Sk through July 31st, 1997. It will be a direct offer. PCCAS staff member Mr. Benedek will assist in the direct selection, will give insurance for the company references, and will make regular inspections of the terms and quality of construction work. Both sides accept several tasks and they will be in regular contact.

On Friday, September 20th, 1996, PCCAS staff met Mr. Kurimský, the Chairman of the Košice Chapter of the SCCE. The topic of the negotiation was the cooperation in the Professional Seminars for the Preparation for State Examination of Responsibility for Selected Activity of Construction Industry. There were several animated discussions between Mr. Valovič, the PCCAS Board Member, and Mr. Cehula, the Director of the regional chapter of the SCCE, and their problems were resolved. A future of cooperation looks very promising. Mr. Kurimský is a well-known Slovak expert in structural analysis.

6 International Affairs

The PCCAS staff helped PCCAS President Hečko prepare for his trip to Iran as a member of the Slovak Federal Government Ministry delegation. The President went to help in preparing several standard documents in English for the Department of International Affairs of the Ministry of Construction and Public Works (Director Mrs. Eva Rupcová). This trip is a great PCCAS opportunity for foreign construction cooperation and to learn about foreign Ministry activity. The PCCAS Executive Director with the PCCAS President prepared the strategy for exporting construction products, such as windows and doors of high quality, site and soils investigation, and construction cooperation in these countries.

7Public Relations and Marketing

The PCCAS staff met Mrs. Michalièková, a journalist from Slovak National Radio in her office. During the afternoon program hours, the PCCAS Executive Director was interviewed on live radio about housing development in Slovakia. The 11-minute interview was broadcast on Monday, September 23rd, 1996.

The interview between the PCCAS Executive Director and editor-in-chief Mrs. Bukvová about housing in the U.S. was printed (as was proposed before) in the September issue of the journal STAVITE_STVO No. 6-7. The article describes the PCCAS experience from the PCCAS North America Housing Study Tour in June/July 1996. The article is printed on the fifth and sixth pages with two-color photos of wood-frame single-family houses.

8Money-Making Activities (Non-Dues Revenue)

On Friday, September 6th, 1996, PCCAS staff met Mr. Marián Kováèik, the Chief of the personal management of company Váhostav a.s. in his office. They discussed the relations between PCCAS and the Association of Construction Entrepreneurs of Slovakia (Váhostav is a member) and between PCCAS and the Association of Tradesman in _ilina. Another topic was the PCCAS educational programs. PCCAS told Mr. Kováèik about the seminars and examinations related to the Professional Capability in Selected Activities in Construction Industry, which were done by the adoption of the Act No. 136/95. Mr. Kováèik asked the PCCAS staff about the cooperation between the PCCAS members and Váhostav a.s. The PCCAS staff declared there was excellent cooperation.

On Tuesday-Thursday, September 10-12, 1996, the PCCAS Office in Bratislava organized, as a part of the PCCAS Educational Program VPS, a workshop related to the public procurement tender practice. The PCCAS prepared this two-day program as two-stage training. The first day included the explanation of the Public Procurement Law, the Cost Law, the selected parts of the Business Code, and the Government Budget Regulation Act. The second day was devoted to practical training using the public procurement tender case study. Each attendee prepared a procurement document based on their own individual choice. At the end of the workshop, all the documents prepared by the attendees were checked by Ministry of Construction inspectors and used as feedback for further discussion.

Mrs. Golianová started work on the text book, "Working Manual for the Construction Cost Calculation (Estimation)." This manual will be the PCCAS standard document related to one of the PCCAS Educational Programs: VPS. The main goal of this program is to train and educate construction cost experts. The Education Department of the biggest Slovak construction contracting company, HYDROSTAV a.s. Bratislava,

contacted PCCAS to discuss training their employees. The program also related to the PCCAS Construction Cost Policy.

On Monday, September 16th and Tuesday, September 17th, 1996, the Preparation Seminar for Professional Responsibility of Selected Activities in Construction Industry State Examination was organized by the PCCAS staff. The Seminar was attended by 73 participants, the highest number of trainees in any PCCAS training activity. Ms. Nagyová, who replaced Ms. Poláková as the program manager, mastered the assignment in the past two months.

From Monday, September 23rd to Wednesday, September 25th, 1996, as a part of the PCCAS Educational Program VPS, the Association carried out a workshop and training related to construction costs calculation. The PCCAS prepared this two-day program (three workshops of two days each) as three-stage training; it was attended by 51 participants. Several lecturers explained the Cost Act, the Business Act, the methodology of construction cost calculation, estimation, monitoring, etc. Mr. Oliver Ěasnocha, PCCAS Vice President, started to organize the Professional Trade Association for the Construction Costs Experts. It will be established as an independent body, but will be managed by PCCAS staff with U.S. assistance. PCCAS will request training assistance in this area from EERPF.

9Regional Offices Activities

The PCCAS Regional Chapter in Ľilina was visited by PCCAS staff several times to assist in organizing the new office. At this time, this chapter occupies one room within the offices of the firm, ODIS. This chapter received a state subsidy for the newly created job. The Director of the Chapter is in the process of obtaining bids for computers, printers, fax machines, photocopy machines, scanners, etc.

On Friday, September 20th, 1996, the PCCAS Executive Director visited Košice and inspected the office for use of the PCCAS Regional Office in Košice.

10Housing Policy

PCCAS participated in a two-day meeting organized by USAID's representative EERPF. The program was set up as a brainstorm/discussion session among ARKS/URKS/ACES/PCCAS/ZZON to determine areas of common thinking and to decide on possible joint legislative activities. PCCAS prepared 23 points to convey their thinking. Other groups commented only verbally and did not prepare any written comments. The Slovak version is attached here. It is being translated at this time and the English version will be forwarded shortly.